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C O N F I D E N T I A L SECTION 01 OF 02 COLOMBO 001086

SIPDIS

DEPARTMENT FOR SA, SA/INS, S/CT; NSC FOR E. MILLARD

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TAGS: [PREL](#) [PTER](#) [MOPS](#) [PGOV](#) [CE](#) [LTTE](#)

SUBJECT: Karuna Affair Continues to Plague Government

Refs: (A) Colombo 1074, and previous

- (B) DAO Colombo CE IIR 6 816 0071 04

(U) Classified by Ambassador Jeffrey J. Lunstead.
Reasons 1.5 (b,d).

11. (C) SUMMARY: Rumors and stories continue to swirl around the events associated with rebel Tiger leader Karuna and his whereabouts. Government officials are engaged in fingerpointing about who knew what and when they knew it about Karuna. The GSL has not done a good job of managing the media well. At present, it is probable that Karuna is in the custody of the Sri Lankan military, despite continuing denial by the military. It is not the end of the story with Karuna and, given the recent reports, the GSL faces a huge challenge to manage the situation adroitly in the face of increasing suspicion by the LTTE. END SUMMARY.

12. (C) THE REALITY: Since June 21-22 when the media reported that breakaway rebel Liberation Tigers of Tamil Eelam (LTTE) leader Karuna was in the control of the Sri Lanka military, it has been difficult to separate facts from speculation regarding what transpired. Ali Zahir Moulana, a United National Party (UNP) Muslim MP from the eastern town of Batticaloa, arranged for Karuna to come to Colombo in mid-April. Detailed accounts in June 27 local newspapers, consistent with Opposition Leader (and former PM) Ranil Wickremesinghe's June 23 conversation with the Ambassador (Ref A), report that Karuna arrived in Colombo on April 13 and stayed several days at the Hilton Colombo Residence. After several days, according to some of Karuna's companions who redefected to the LTTE, the Sri Lankan military assumed custody of Karuna and transferred him to another Colombo-area location.

13. (C) QUESTIONS ON THE DETAILS: Beyond the basic facts, details of the events are still speculative. In his June 23 public statement in which he resigned from Parliament, Moulana said he helped facilitate Karuna's transfer to Colombo "on humanitarian grounds." (The LTTE leadership was actively looking for Karuna and would have killed the rebel leader if they had caught him.) While "humanitarian grounds" would seem to be a legitimate excuse for sheltering Karuna, high level officials and political figures continue, with decreasing plausibility, to deny knowledge and involvement in the situation. The GSL, according to government spokesman Mangala Samaraweera, had no knowledge of the events involving Karuna, but admitted elements of the military might be acting on their own. Defense Ministry officials, however, deny any Karuna connection. Wickremesinghe said he did not know about the actions of Moulana prior to the MP's June 22 admission. The only mission contact to admit a connection to Karuna is Douglas Devananda, Minister of Hindu Affairs and Agricultural Marketing Development and leader of the anti-LTTE Eelam People's Democratic Party (EPDP). In a June 4 meeting, Devananda said he was in contact with Karuna and offered to put the Ambassador in touch with Karuna as well; the Ambassador politely declined. Press pieces over the weekend quoted Devananda as saying he was encouraging Karuna to enter politics.

14. (C) THE MILITARY'S INVOLVEMENT: Despite overwhelming evidence to the contrary, the Sri Lankan military continues to deny any involvement with Karuna. It is not certain if the military facilitated Karuna's transfer to Colombo or became involved only after his arrival in the capital. The Sri Lanka Army's (SLA) ongoing denial on the subject has served only to further rumors about its activities. Since Karuna made the public move in March to break with the LTTE leadership in the Vanni, there have been reports that periodic skirmishes and attacks on LTTE cadre in the east were carried out by cadre loyal to Karuna with the backing of the SLA. The LTTE has publicly accused the SLA of supporting Karuna in these low-level attacks in the east. (As far back as April, when Prabhakaran's forces

attacked Karuna's forces and regained control of the east, the Sri Lankan military was already in denial mode -- see DATT report on the issue in Ref B). The four female cadre, who reportedly came to Colombo with Karuna and subsequently "escaped" from the SLA's control and returned to the LTTE, have reported on time spent in SLA safehouses in Colombo following their mid-April trip from the east.

15. (C) COMMENT: It now seems almost certain that Karuna is in Colombo and in the control of the Sri Lankan military, which will not surprise many. Nonetheless, the public revelations place the GSL in a remarkably uncomfortable position. Presumed Karuna loyalists continue to attack Prabhakaran cadre in the East. The press this morning, for example, reported a grenade attack on several Prabhakaran cadre near Batticaloa. Security forces in the Batticaloa area have intensified security and now operate checkpoints within the city, exacerbating tension there. What we don't know is if the security forces are actively using Karuna and his forces to attack the LTTE, or if they are simply letting these attacks happen, or if they are unable to stop them. The Tigers, of course, assume the worst -- that the GSL is using Karuna against them. This has led the Tigers to question the GSL's sincerity in the peace process and threaten a return to fighting if the attacks don't cease. With credible public revelations of links to Karuna, the GSL has lost plausible deniability. The result is a shakier peace process in an increasingly unstable East, and with little or no gain for the government. END COMMENT.

LUNSTEAD